

**REMARKS/ARGUMENTS**

Claims 1-58 are pending in the present application. Claims 1, 7, 13, 35-37, 39-41, 43, and 46 have been amended. Claims 8, 21-34, 52 and 54 have been canceled. New claims 56-58 have been added. No new matter has been added. Reconsideration of the rejected claims is respectfully requested.

On February 27, 2009, a telephone interview occurred between the undersigned and the Examiner. The undersigned thanks the Examiner for her careful consideration of the arguments presented by the undersigned during the interview.

**I. Rejection Under 35 U.S.C. § 101 - Claims 1-12**

In the Office Action, claims 1-12 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter. The test to “determine[e] whether a claimed method constitutes a statutory ‘process’ under § 101” is the “machine-or-transformation test.” *In re Bilski*, 545 F.3d 943, 949, 962 (Fed. Cir. 2008). Under the machine-or-transformation test “an applicant may show that a process claim satisfies § 101 either by showing that his claim is tied to a particular machine, or by showing that his claim transforms an article.” *Id.* at 962.

These claims were specifically rejected because “the steps are neither tied to another statutory class of invention (such as a particular apparatus) nor physically transform underlying subject matter.” Office Action at 2. Claim 1, however, does recite a “portable device” and is thus tied to a particular machine. To further clarify that these claims are tied to a particular machine, claim 1 has been amended to include “using an acceptance point device.” These amendments clarify that each element of the claim is tied to a particular machine. Since independent claim 1 is tied to a particular machine as required under the machine-or-transformation test, this claim and any claims dependent thereon constitute statutory subject matter and are patent eligible processes under § 101.

**II. Rejection Under 35 U.S.C. § 101 - Claims 29-45**

In the Office Action, claims 29-45 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter. Claims 29-34 have been canceled. Thus, any concerns regarding these claims have been obviated.

Claims 35 and 39 were rejected because the “logic” was not claimed as embodied in computer-readable media. Claims 35 and 39 and any dependent claims thereon reciting “logic to” have been amended to replace “logic to” with “means for” which is an acceptable format under 35 U.S.C. § 112, sixth paragraph. Accordingly, these claims and any claims dependent thereon constitute statutory subject matter under § 101.

**III. Rejection Under 35 U.S.C. § 102(e) – DiRaimondo et al.**

In the Office Action, claims 1-52 and 54-55 are rejected under 35 U.S.C. § 102(e) as being anticipated by DiRaimondo et al. (U.S. Patent No. 7,032,047) (hereinafter “DiRaimondo”). The rejection is traversed. Reconsideration of the rejected claims is respectfully requested. Claims 8, 21-34, 52 and 54 have been canceled, thus, any concerns regarding these claims have been obviated.

DiRaimondo does not anticipate (or obviate) the present claims. To anticipate a claim, each and every element must be disclosed in the prior art reference being cited. *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2USPQ2d 1051, 1053 (Fed. Cir. 1987); MPEP § 2131. Here, DiRaimondo fails to teach (or suggest) the limitations in each of the independent claims pending in this application.

**A. Brief Summary of Embodiments of the Invention**

Embodiments of the invention disclose methods, apparatuses, and systems for a loyalty program participant to change his or her status in a loyalty program for a portable device. An example of a loyalty program is one where customers are awarded incentives for shopping at certain merchants participating in the loyalty program. Para. 0003. Due to the inconvenience involved to change their status of participation in the loyalty program, consumers may become less willing to participate in any loyalty programs and thus, the benefits of providing loyalty

programs are compromised. Para. 0006. For example, a consumer may be issued a portable device (e.g., a smart card, cellular phone, credit card, etc.) in which the participation status for the loyalty program is permanently set to active, i.e., the consumer is automatically opted into the loyalty program. Para. 0005. In this case, the consumer cannot change the status of participation in the loyalty program without being issued a new portable device with a new loyalty module where the participation status is set to not active. Para. 0005. Another example is where the issuer of the device has full control over a consumer's participation in a loyalty program as in DiRaimondo. DiRaimondo does not disclose any way that a participant in a loyalty program can change his or her status in the loyalty program. Instead, the criteria to determine loyalty program eligibility is set by the service providers, system operators, and/or system owners for the loyalty program. Col. 8, line 62 – Col. 9, line 18. The only control a consumer has over the smart card in DiRaimondo is to report a physical status change to customer support such as to report that a card that is lost or stolen. Col. 4, lines 34-41. Simply allowing a consumer to report a card lost or stolen is not the same thing as allowing a loyalty program participant to directly change his or her status in a loyalty program.

Embodiments of the invention solve these issues by allowing the loyalty program participant to directly change his or her status in a loyalty program. To clarify this distinction over DiRaimondo, independent claims 1, 13, 35, 39, 43 and 46 have been amended to include language that the request or indication to change the status of participation in a loyalty program comes from the participant in the loyalty program. The support for these amendments can be found at least in paragraphs 0029, 0049, 0053 and 0065. These independent claims are specifically addressed below.

**B. Independent Claim 1**

DiRaimondo does not disclose "allowing a loyalty program participant to change a participation status in a loyalty program for a portable device." As discussed above, DiRaimondo does not disclose any way that a participant in a loyalty program can change his or her status in the loyalty program. Instead, the criteria to determine loyalty program eligibility is set by the service providers, system operators, and/or system owners for the loyalty program.

Col. 8, line 62 – Col. 9, line 18. The only control a consumer has over the smart card in DiRaimondo is to report a physical status change to customer support such as to report that a card that is lost or stolen. Col. 4, lines 34-41. Again, simply allowing a consumer to report a card lost or stolen is different than allowing a loyalty program participant to directly change his or her status in a loyalty program.

Claim 1 has been amended to further clarify that a loyalty program participant is changing the participation status in the loyalty program and thus now reads “receiving, by an acceptance point device, an indication from the loyalty program participant to change the participation status in the loyalty program from a first status to a second status.” Accordingly, claim 7 has been amended to avoid redundancy. DiRaimondo clearly does not teach or suggest this feature. In the pending Office Action, figures 6A and 6B and column 10, line 30 to column 11, line 45 are cited as disclosing the limitations of claims 1-8, 10-12, 13-22, 25-28, 35-36, and 38-42. The cited paragraphs are reproduced below:

new transactions effected by the cardholder will incorporate the new concessions and loyalty programs.

FIGS. 6A and 6B illustrate a flowchart of the alternative embodiment of the present invention depicting loyalty and concessions processing. Processing begins 401 within a back office system 400 that comprises one or more computer systems employing one or more databases that monitor 402 the concession and loyalty parameters of the smart cards in the system. For each card, the back office system 400 determines 403 whether a loyalty or concession parameter should be updated on the smart card. If no parameter update is required, the next card is processed 404. A person of ordinary skill in the art can readily appreciate that a transaction list can drive the selection of cards selected for parameter update, rather than selecting cards sequentially by the UID of the smart card.

If the back office system 400 determines 403 that a smart card requires concession/loyalty parameter update, the back office system 400 maps 405 the UID of the smart card to an associated reader interface device for later transmission 411 of information to the card acceptance location 423. This mapping may occur at any step between step 403 and step 411.

If the back office system 400 determines 406 that the card needs to be updated by adding a parameter to the card, it places 407 the UID of the smart card on the appropriate loyalty/concession “add” list. If the back office system 400 determines 408 that the smart card needs to be updated by removing a parameter from the smart card, it places 409 the UID of the smart card on the appropriate loyalty/concession “remove” list. The pair of steps 406, 407 may be interchanged with the pair 408, 409 without changing the transmission 411 of data from the back office system 400 to the card acceptance location 423.

If smart cards or transactions remain 410 unprocessed that would update loyalty/concession parameters on the smart cards, they are processed beginning at step 404, and proceeding to steps 402, 403, 404, 405, 406, 407, 408, 409 and 410. When the back office system 400 has processed 410 all cards and/or transactions that require loyalty/concession parameter updates to the smart cards, it transmits 411 the “add” list created in step 407 and the “remove” list created in step 409 to the card acceptance locations 423, via any existing card reader interface devices, as determined at step 405.

Upon receiving the “add” and “remove” lists, the card acceptance location stores 412 the lists in its memory and acknowledges their receipt and storage 412 to the back office system 400. The card acceptance location then processes each smart card presented to it.

The card acceptance location queries 413 the stored lists to determine whether a presented smart card is on a loyalty/concession “add” list. If the presented card is on an “add” list, the card acceptance location issues a command 414 to the smart card to update the loyalty/concession parameter on the smart card. The card acceptance location records 415 the update in memory as a loyalty/concession transaction.

The card acceptance location 423 queries 416 the stored lists to determine whether a presented smart card is on a loyalty/concession “remove” list. If the presented smart card is on a “remove” list, the card acceptance location 423 issues a command 417 to the smart card to remove the loyalty/concession parameter from the smart card. The card acceptance location 423 records 418 the update in memory as a loyalty/concession transaction. Depending on business rules governing the order of processing “add” and “remove” loyalty/concession transactions, the steps 413, 414 and 415 may be interchanged with steps 416, 417 and 418.

If the card acceptance location 423 is at the end of its service period 419, it transmits 420 all transactions created during its service period to the back office system 400. If the card acceptance location 423 is not at the end of its service period 419, it continues to process presented smart cards as in steps 413, 414, 415, 416, 417 and 418. The back office system 400 purges 421 the UID of the smart card from its loyalty/concession “add” and “remove” lists based on the transactions recorded by the card acceptance location 423 in steps 415 and 418. When the card acceptance location 423 has transmitted 420 its transactions to the back office system 400, it ends 422 processing of loyalty/concession transactions until the next service period.

Nothing in the above passages describes “receiving . . . an indication from the loyalty program participant to change the participation status in the loyalty program from a first status to a second status.” In fact, there is nothing received from the loyalty program participant at all. Rather, the “back office system determines whether a loyalty or concession parameter should be updated on the smart card,” and the “card acceptance location queries the stored lists to determine whether a presented smart card is on a loyalty/concession “add” [or “remove”] list” to determine whether it issues a command to update the smart card. Col. 11, lines 14-19. As discussed earlier, the only control a consumer has over the smart card in DiRaimondo is to report a physical status change to customer support such as to report that a card that is lost or stolen. Col. 4, lines 34-41. This is different from “receiving . . . and indication from the loyalty plan participant to change the participation status in the loyalty program.” This feature is not disclosed in DiRaimondo.

Further, if the “card acceptance location” in DiRaimondo can be considered an “acceptance point device” as in claim 1, DiRaimondo does not disclose “receiving, by an acceptance point device, an indication from the loyalty program participant to change the participation status in the loyalty program from a first status to a second status.” The card acceptance location does not receive any request but instead queries a list to determine whether the smart card is on the list and then acts accordingly. Thus, neither anticipation nor obviousness has been established.

During the interview, the Examiner suggested that claim 1 could read on initial activation of a portable device. The Examiner gave an example where a consumer at a grocery store is given the option to get a loyalty program card and the cashier activates the card. Applicants have amended claim 1 state that a change in status is made “after the portable device has been activated,” to clarify that claim 1 does not read on initial activation of a portable device. The support for this amendment can be found at least at paragraph 0005.

For at least the foregoing reasons, DiRaimondo does not anticipate (or obviate) independent claim 1 or any claims dependent thereon.

#### C. Independent Claims 13, 35, 39 and 46

Like claim 1, independent claims 13, 35, 39, and 46 have been amended to include “after the portable device has been activated” and “from the loyalty program participant.” These claims have also been amended to include “...changing the participation status in the loyalty program ...” which is language from claim 1 to further clarify that changes are being made in the loyalty program. For the reasons discussed in more detail above, DiRaimondo does not disclose “receiving a request from the loyalty program participant for changing the participation status in the loyalty program from a first status to a second status.” Thus, neither anticipation nor obviousness has been established.

Additionally, DiRaimondo does it disclose “receiving card image data from the portable device,” “modifying the parameter in the card image data,” and then “updating the card image data in the portable device with the modified parameter.” The passages cited in the Office Action and reproduced above at best simply describe a card acceptance location that queries

stored lists to determine whether a smart card is on the list, and if it is on the list, it “issues a command to the smart card to update the loyalty/concession parameter on the smart card.” Col. 11, lines 14-19. This is different from actually receiving the card image data, modifying that data, and then updating the card image data in the portable device.

Accordingly, DiRaimondo does not anticipate (or obviate) independent claims 13, 35, 39, and 46 or any claims dependent thereon.

**D. Independent Claim 43**

Independent claim 43 has also been amended to include “after the portable device has been activated,” “in response to a request by a loyalty plan participant,” and “...changing the participation status in the loyalty program ...” For the reasons discussed in detail above, neither anticipation nor obviousness has been established.

**IV. Rejection Under 35 U.S.C. § 103(a) – DiRaimondo in view of McDonald et al.**

In the Office Action, claim 53 is rejected under 35 U.S.C. § 103(a) as being unpatentable over DiRaimondo in view of McDonald et al. (U.S. Patent No. 6,736,317) (hereinafter “McDonald”). This rejection is traversed.

McDonald is cited to address the features in dependent claim 53, and does not remedy the deficiencies, as explained above.

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**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,



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